

about 15 percent versus an average of about 19 percent in the other industrialized nations—and we have also had a much slower rate of productivity advance. The need for emphasizing capital formation should be clear.

In addition, however, there are important new investment requirements that go beyond the normal needs to replace and expand the existing stock of productive capital. There are many of these new investment requirements, including pollution control, new systems of urban transportation, and energy. The latter is the most important by far. Project Independence is estimated to take from three-quarters to one trillion dollars of new investment over the next decade or so. In recent years energy has accounted for about one-fifth of total investment; in the foreseeable future, however, that proportion will have to rise to about one-third.

It is clear, therefore, that our future needs for saving and investment represent an enormous challenge above and beyond what is normal for the American economy. Indeed, investment will have to take a rising share of economic output at the expense of consumption and government spending.

To do this, we will have to make several important changes in our policies. First, Government spending will have to be curbed to make economic room for the added investment. Second, profits will have to grow to provide both the incentive and the wherewithal for investment. We cannot look upon profits as an unnecessary evil, as I fear so many Americans now do. We must avoid legislation and regulation that is punitive of profits honestly earned. If we do not, capital formation will be inhibited and the real purchasing power of workers' earnings will grow more slowly.

Third, we must reverse our long-held policies that penalize saving and encourage consumption. Our tax system should be reexamined to this end. Federal Reserve Regulation Q, which limits interest paid on savings accounts, should be revised at the earliest opportunity. And we should permit the normal incentives of the price system to operate freely. We must not impose artificial government constraints as for example we have done for so many years, and are still doing, in regulating the price of natural gas.

It is instructive to recall what took place after August 1971, when we removed the artificial constraint of fixed exchange rates that had produced an overvalued dollar for so many years. In the free market, the dollar moved to new, more competitive levels and our trade balance, which had been in a nose dive for many years, returned to surplus. Similarly, when we changed agricultural policy 180 degrees to permit maximum production, American farmers responded to the incentives of the market place by planting large amounts of additional acreage, which are now producing record harvests, the prospect of which has brought grain prices down. These are just two examples of what the market place, given reasonable freedom and time, can achieve in overcoming serious economic problems.

#### THAT OLD-TIME RELIGION

Another fundamental part of the fight against inflation is what has come to be called "that old-time religion," the essence of which is sufficient monetary and fiscal restraint to keep the demands for economic output within our capacity to meet them. Indeed, if we are to squeeze out the high rate of inflation that is now thoroughly embedded in our system, we will have to operate with a margin of slack in the economy.

This does not mean that economic policy should be harsh and brutal. Not at all. A recession would not help the cause of price stability—quite the contrary, because a recession would force us back into strongly

stimulative policies that in the end would create still more inflation. Frequent and abrupt changes in economic policy are almost as disastrous as no restraint at all.

Still, that old-time religion has its costs. We will have to take some unpleasant-tasting medicine, and we will have to continue to take it for several years or longer. We will have to give up some government spending programs, and unless growth in Federal spending can be cut back appreciably we will have to forgo the pleasures of a tax cut. Credit will have to be less easily available. Business profits cannot grow quite so buoyantly. Unemployment will have to average slightly higher than it otherwise would.

These are not negligible costs. But if we are to regain control over inflation, there is no other way. The costs of continued rapid inflation, which is the only alternative, are far greater.

And that brings us back to politics again. I said at the outset of this talk that my biggest worry was whether the American people and their Government would have the sustained political will for this fight. I think there is more hope now than ever before. The double-digit inflation of this past year has frightened many people, and made them more willing to support tough anti-inflation policies. Good economics is getting to be good politics.

But my question has not been answered yet. We do not know if the people and their elected representatives want to attack the root causes of inflation, rather than just the results of inflation. We do not know if they will face up to the costs of anti-inflation policies. We do not know if they will assess these costs—as I do—as being much smaller than the costs of continued rapid inflation. If we can persuade them of this, then we will have gone a long way toward achieving the important goal of electing an inflation-proof Congress in 1974.

#### LAW OF THE SEA CONFERENCE

Mr. MUSKIE, Mr. President, between August 4-7, I attended the third United Nations Law of the Sea Conference, being held in Caracas, Venezuela. As an advisor to the U.S. delegation, along with the Senator from Rhode Island (Mr. PELL) and the Senator from Alaska (Mr. STEVENS), I had the opportunity to discuss oceans issues with our negotiating team, including Ambassador Stevenson; Ambassador Shirley Amerasinghe of Sri Lanka, president of the conference; several leaders of foreign delegations; and representatives of the U.S. fishing industry. I was greatly impressed by the far-reaching significance of the 100-item conference agenda and the seriousness and diligence with which most delegations are carrying out their responsibilities. I want to take this opportunity to share with my colleagues some observations about the proceedings of the conference.

The 149 nations represented in Caracas are involved in a most complex but crucial undertaking: they are trying to draft a comprehensive treaty governing the use and conservation of the world's ocean resources. It would be a mistake to underestimate the difficulties facing the negotiators at the conference, the largest international gathering ever convened. Each of the states represented—coastal, landlocked, developed, developing, maritime, nonmaritime—has its own interests, its own set of priorities, and its own short- and long-term policy goals. And

these countries are not merely talking about existing law and how to perfect it. Rather, they have set for themselves the objective of discarding settled law and developing a comprehensive new regime for the oceans.

The formal work of the conference is being done in three working groups. Of these, I was especially interested in the progress of committee II, the group concerned with the protection of coastal fish stocks and other issues related to coastal State jurisdiction.

I came away from the conference convinced that the United States must adopt a unilateral 200-mile fisheries limit without delay.

In a speech last month before a plenary session of the conference, Ambassador Stevenson announced a major change in America's position concerning the territorial sea and the establishment of a 200-mile economic zone. Stevenson said:

We are prepared to accept, and indeed we would welcome general agreement on a 12-mile outer limit for the territorial sea and a 200-mile outer limit for the economic zone provided it is part of an acceptable comprehensive package, including a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of states used for international navigation.

This decision on the part of the United States to support the establishment of a 200-mile economic zone is long overdue and vital to the protection of this country's offshore fishing and mineral resources. For too long the United States has passively stood by while foreign vessels have virtually depleted our coastal fisheries stocks. Our experience in the Northwest Atlantic is illustrative of the gravity and immediacy of the situation. From 1952 through 1960, the U.S. fish catch from New England waters averaged about 700 million pounds a year, or 99 percent of the total catch from that area. In the early 1960's, the Russians, the Poles, the Germans and other foreign fleets moved into these waters in large numbers. By 1969, the Soviet fleet was taking 836 million pounds, or 50 percent of the total catch from New England waters; while the U.S. catch had declined to about 418 million pounds, or about 25 percent of the area's total harvest. In the last couple of years, the total U.S. catch has declined even from this level, for neither bilateral agreements nor regional organizations like ICNAF have been effective in protecting legitimate U.S. fishing interests.

Unfortunately, the majority of the nations represented in Caracas do not seem to share a sense of urgency about the need to establish without delay a 200-mile economic zone to manage and conserve the world's fisheries resources. Time and time again in discussions with foreign diplomats concerning the work of committee II, I heard it said that "we need time to build new international law." Surely, time is needed for ideas to mature concerning certain issues—such as what transit rights vessels will have in other countries' territorial sea, in the proposed economic zone and in straits; what rules will apply to islands and archipelagos; what rights of access and conservation rules will apply to distant water

fishing within coastal State-controlled economic zones. And I remain convinced that an enforceable international agreement on the use of the seas is the best way in the long-run to stop the over-fishing which threatens to ruin our fisheries resources.

But if we are to preserve many of our offshore fish stocks—haddock, herring, mackerel, yellowtail flounder, hake, halibut—I do not think we can afford to wait until the Law of the Sea Conference produces a treaty. In my talks in Caracas, I found many foreign delegates optimistic that there will be agreement on the coastal zone jurisdiction issue by next year and that the General Assembly goal of a treaty by 1975 will be met. I am not so sure. After 5 years of preparatory work, the conference is still bogged down in preliminary matters. About 60 of the 149 nations are still trying to develop their own national positions on a variety of oceans issues, while many of the others hold widely divergent points of view. And in regard to conserving our fisheries resources, if we wait 2 or 3 years for an international treaty to be concluded, there may not be any resources left to protect. Adopting an interim 200-mile limit, on the other hand, will provide immediate protection for all our offshore fish stocks and will signal the nations of the world that the United States is not prepared to stand by idly while the conference negotiations drag on.

So I have returned from Caracas more resolved than ever to push for immediate legislative action on S. 1988, the bill which has been approved by the Commerce Committee by a 14 to 2 vote and which would establish on an interim basis a 200-mile fisheries limit. This legislation is very close to the U.S. position enunciated by Ambassador Stevenson last month in Caracas. Both provide for: First, management of coastal species by the coastal State; second, management of anadromous species such as salmon by the nation in whose rivers they spawn; and third, management of migratory species such as tuna by international commissions. But, Mr. President, S. 1988 recognizes the urgency of the situation and mandates interim unilateral action to regulate and conserve the marine resources in our 200-mile offshore waters.

While there has been little perceptible forward movement concerning coastal State jurisdiction issues, I was most encouraged by the progress of committee I, the working group responsible for the seabed beyond national jurisdiction, that is, negotiating the regime under which deep sea mining will take place. Here, the discussion is focusing on the question of who may exploit the high seas area. Some nations, led by the United States, favor granting licenses to private parties sponsored by States. Other countries, including most of the world's less developed nations, would prefer to see the establishment of an international Seabed Authority able to engage in mining itself. No explicit agreement has yet been reached in committee I. Yet, a consensus appears to be developing about the need for an international regime to regulate the exploration and exploitation of the seabed beyond coastal State eco-

nomie jurisdiction. And the prospects appear good for compromise concerning the extent of control that the proposed Seabed Authority will be able to exercise over the commercial development of the international seabed.

Committee III, the other working group of the conference, is responsible for pollution and scientific research. While four sources of pollution are being discussed—vessel source, land-based source, economic zone pollution, and international seabed pollution—it is apparent that vessel source pollution is by far the most controversial environmental issue. Under the present system, the United Nations Intergovernmental Maritime Consultative Organization (IMCO) promotes the drafting of conventions with standards, and flag states enforce those standards. States have a right to adopt higher standards and to enforce standards in areas under their "jurisdiction" although it is not exactly clear what the term "jurisdiction" comprehends. At present, it is thought to include the port area and the territorial sea. The basic problem is that the 1973 IMCO Convention on Pollution from Ships contains very weak standards and flag states simply do not enforce them. Under U.S. legislation—the Ports and Waterways Safety Act and the Federal Water Pollution Control Act—the Coast Guard is empowered to establish standards higher than those in the convention and to enforce those standards in our navigable waters.

Three alternatives are being discussed at the conference: First, A maritime state proposal, supported by the United Kingdom and France, under which only IMCO would adopt standards and only the flag State would enforce;

Second, A coastal State proposal, supported by Canada and Australia, under which coastal States would have the right subject to safeguards to promulgate and enforce higher national standards for their 200-mile economic zone;

Third, A proposal, supported by the United States, under which a State could promulgate and enforce higher standards with respect to vessels that visit its ports. In addition, the U.S. proposal would allow coastal States to take action in emergency situations to prevent imminent pollution, and after going through a variety of cumbersome procedures, to enforce against the vessels passing the coast if the port State persistently fails to enforce.

While in Caracas, I discussed the three proposals with various foreign delegates. I also voiced my view to the U.S. delegation that no Law of the Sea Treaty should prevent this country from applying its present domestic laws and from establishing and enforcing standards higher than those adopted by IMCO in both ports and our territorial sea with respect to coastwise and foreign commerce.

In conclusion, I returned from Caracas with a feeling that the Law of the Sea negotiators have taken on an enormous and extremely important task. For they have undertaken to establish a new international regime governing the resources contained in 70 percent of the Earth's

surface. There is considerable cautious optimism that they can succeed. I fully support their efforts. In fact, the sooner the better.

Mr. President, I ask unanimous consent to have printed in the Record the following articles concerning the Third U.N. Law of the Sea Conference.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 3, 1974]  
PROGRESS SLOW AT SEA LAW PARLEY; MANY  
SPEAK PRIVATELY OF STALEMATE  
(By Leslie H. Gelb)

CARACAS, VENEZUELA, Aug. 2.—The Parque Central, a complex of futuristic-looking skyscrapers designed for totally self-contained living, has been inhabited since late June by about 4,000 people whose almost total daily concern is the sea that lies seven miles beyond the mountains that ring Caracas.

They are delegates to the United Nations law of the seas conference, officials of international organizations and representatives of various economic interests and of a number of liberation movements.

The purpose of the conference is to come up by Aug. 29 with some kind of coherent, if tentative, agreement on navigation, fishing, and sea mining, a partial pact that will have the effect of restraining nations from making individual laws on the sea. Then, next spring, the delegates will meet in Vienna to turn that agreement into a treaty. Their progress here is painfully slow; many speak privately of stalemate.

#### ORIGINAL GOAL

The original goal of the Caracas meeting was to produce a draft constitution for all nations. That treaty, it was hoped, would establish new territorial limits and zones of control for marine resources beyond the territorial limits, and provide some kind of international authority over exploitation of the deep seabeds.

"We're moving but slowly," said John R. Stevenson, the head of the United States delegation.

"It's critical to meet the General Assembly goal of a treaty before the end of 1975," said Mr. Stevenson's deputy, John Norton Moore.

But while everyone here puts a good face on what is going on when speaking for the record, unofficially the participants in this third United Nations conference on the law of the seas since 1958 talk of stalemate.

The votes are there, says an American delegate, but the means for setting up a strong international authority for the deep seabeds are not. The private and national interests represented here seem as various and complex as the animal and plant life of the sea itself. There are nations with coasts, landlocked nations, powerful nations and underdeveloped nations—all with special axes to grind.

#### 148 COUNTRIES

In the main conference hall, a theater that has been converted to look like the General Assembly hall in New York, hundreds of men and women, representing 148 countries, met daily. They are the core of the conference, the experts; most of them have been working on law of the sea for most of their mature lives.

Andres Aguilar of Venezuela, a veteran diplomat in matters involving the sea, presides over these meetings from a podium 10 feet high, set atop a stage, towering over the delegates. In the rear of the great room sits Louis B. Sohn of Harvard University, who has been occupied with sea law for 15 years. Toward the middle of the room are Joseph Warloba of Tanzania, a lawyer who has been working on the subject five years, Alvaro de Soto, a

young Peruvian diplomat whose entire career is devoted to the search for a coherent law of the seas.

Their experience and expertise are typical of most others here, as is their zeal; they meet from early morning to late evening, and they confer while at meals.

What drives these men and women is a concern that without a new law of the seas, nations will assert more and more separate claims on fishing, on sea mining and on navigation, leading to international anarchy, new tensions and new conflicts.

The president of the conference, Hamilton Shirley Amerasinghe of Sri Lanka, likes to refer to the hoped-for document as a statement of agreement, whose language would be couched in actual treaty form, a document that would fall somewhere between a draft treaty and a declaration of principles.

One problem, a European diplomat says, is that such a statement "cannot be hammered out by voting; that would tear this conference apart. If a delegation feels its national interests are being outvoted," he went on, "it might simply pick up and leave. This must be done by consensus."

#### GEOGRAPHY A FACTOR

"Tell me the exact geographical situation of a nation," an American delegate said, "and I will tell you its exact negotiating position at this conference."

The United States, which has teamed up on some issues with other maritime nations such as the Soviet Union and Japan is making proposals along the following lines:

A 12-mile territorial limit as long as there is no interference with passage over and under straits. "Territorial seas" now vary from 3 miles to as many as 200.

Beyond the 12 miles, an 188-mile economic zone, each nation having exclusive rights there to submarine resources—many such projected zones are rich in oil and natural gas—but not to fish or navigation. Fisheries would operate under the principle of full utilization, international arbiters would step in when a "host" nation was not taking a certain amount of fish from the area to determine whether other nations might use it.

Establishment of an international agency that would issue licenses to nations or corporations to mine deep seabeds. The oceans are known to contain vast stores of manganese nodules, from which nickel and copper can be derived. But only a few nations have the technological ability to do the mining.

#### UNITY VARIES

Unity at the conference among about 77 less developed nations varies from issue to issue. Some Latin-American states such as Peru and Ecuador simply want a 200-mile limit. But most of them, the delegates say, look for a 12-mile "territorial sea" with control over straits and an economic zone of about 200 miles, with exclusive rights to all resources, but not control over navigation, and full international ownership and control of the deep seabeds.

Still another group of about 40 nations, many of them land-locked, want to share in the resources of both the economic zone and the deep seabeds. Then there is a cluster of states like Norway and Australia that want full control to the limits of their continental shelves.

The voting procedure calls for each article to be carried by two-thirds of those present and voting, as long as that is a majority of all 149 nations represented here. But in each nation's proposal, agreement on any one issue is tied to agreement on all other issues.

This, as Jens Evenson, the head of the Norwegian delegation, sees it, means a queer kind of juggling, in which all the balls must be in the air at the same time, long enough for all to see that their interests are being accommodated.

And no nation represented here will make a fundamental concession until the others do. As an American delegate put it, "How can we wire Washington asking to make compromises when no one else around here is making any compromises?"

[From the New York Times, Aug. 4, 1974]  
PROTECTING THE ECONOMY OF 200 MILES OF OCEAN

(By Evan Luard)

LONDON.—Discussion at the Caracas conference on the Law of the Sea is increasingly focusing on the proposal for a 200-mile economic zone: that is, an area off the shores of a coastal state, within which it could exercise total control of economic resources, both those within the waters (mainly fish), and beneath them (mainly oil and gas). Already many countries, including both the rich (the Soviet Union, Britain, Australia and others) and the poor (China, most African and Latin-American states), have indicated at least qualified support for the idea.

The proposal for a general economic zone emerged about two years ago among African and Latin-American countries. It was produced as a compromise, modifying the more extreme claims of some of the Latin-American states to a 200-mile territorial sea in which the coastal state would exercise full jurisdiction for all purposes. Recognizing that this was unacceptable to many maritime countries as a threat to free navigation, and conscious that economic rights in the zone were what mattered most to them, these countries proposed a zone in which the coastal state would enjoy economic rights only. The idea has since received support from a substantial number of the 149 nations attending the Caracas conference. Since most of the world's nations are coastal states and have an obvious interest in acquiring extended economic rights of this kind, it will scarcely be surprising if the proposal eventually wins majority support.

Even under the existing laws, many disputes have arisen about the dividing line between the seabed zones of neighboring states (between Greece and Turkey in the Aegean Sea, between Britain and France in the area south of Ireland, and between China, Japan and Taiwan in the China Sea). Such disputes will obviously become more frequent if a wider zone is accepted.

What would be the economic implications of an economic zone? Many of the most valuable resources of the oceans, both fish and minerals are found relatively close to the shore. Thus, if generally accepted, the proposal would mean that these resources would be appropriated by the coastal states, especially those with long coast lines such as the United States, Canada, Brazil, South Africa and Australia, many of them already wealthy countries.

The United States has nonetheless not so far supported this concept. Washington originally proposed a more complex scheme under which there would be three economic zones: One would stretch to the 200-meter depth line and would be fully under the control of the coastal state. Another would be a wider trusteeship zone, where the coastal state could control exploitation but would share the royalties with the international community. The third would cover the deeper areas, such as those containing the huge deposits of ferromanganese nodules that could become a prime source of copper and nickel, where exploitation would be fully under international control.

One reason the United States preferred such a solution was that it seemed more likely to preserve freedom of navigation in all areas beyond the 200-meter line, a matter of concern to the United States Navy and to

American shipping generally. The scheme, which covered seabed exploitation only, would also have allowed American fishing fleets continuing rights even within areas within the so-called "trusteeship zone" of other countries.

United States fishing fleets have for years been in conflict with the governments of Ecuador and Peru, which have from time to time arrested vessels fishing within the waters they claim. The acceptance of a 200-mile economic zone would put those governments in the right and prevent action by the United States Government in support of those fishermen in such cases.

It may be that eventually there will be some kind of compromise between the "trusteeship zone" ideas.

For example, the United States might accept a limit of 200 miles for the zone of economic jurisdiction, but demand that there should be, as in its own proposals, some sharing of revenues from the zone with the international community. This would help to meet the concern of the 60 or 70 states that are either land-locked or shelf-locked (that is, their continental shelf immediately abuts that of other states), who would otherwise be unable to benefit from the most valuable areas of the ocean. Without this, such states could only benefit from the international system, which, it is generally agreed, would operate in the outer areas. There an international authority will take the royalties from exploitation and distribute them to all states with special consideration for poorer countries. The larger the zone taken by coastal states, therefore, the less the proportion of the resources and revenues that would be available to the international regime. A system by which some part of the revenues in the 200-mile zone, perhaps from the outer half of it, went to the international system would thus represent a fair balance of interest between the coastal states and the non-coastal, or partially coastal, states.

The question of rights to seabed resources is not the only question to come up at Caracas. There has been much discussion on the questions of the breadth of territorial sea, the area fully under the jurisdiction of the coastal state. It is now clear that a majority of states would accept a 12-mile zone. In the case of most maritime countries, however, including the United States, this would be only on condition that there was some guarantee of free navigation for naval as well as merchant vessels through the many international straits that would, as a result, come entirely within territorial waters. A number of the states that control such straits, such as Malaysia and Indonesia, have declined to give this assurance and there may be prolonged disagreement on this point.

[From the Washington Post, July 30, 1974]  
THE LAW OF THE SEAS

A pattern of international law, replacing a patchwork, is being laid upon the world's oceans for the first time—at the Law of the Sea Conference in Caracas. The developing consensus would extend the territorial sea of coastal states to 12 miles; establish an "economic zone" out to 200 miles in which coastal states would, with certain exceptions, control fishing and mining; and create an international program or "regime" outside the 200-mile line to mine the deep seabed as the "common heritage" of mankind. Sharp disagreements still exist among the 149 participants at Caracas and there is no assurance that the full text of a treaty will be reached in this summer's session. But it is clear that the old system—or non-system—of rights and responsibilities which has prevailed on the high seas is gone.

The very concept of "high seas," open equally to all, is buckling as particular nations assert sovereignty or special rights over areas further and further from their



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shores, and as the international community collectively asserts certain kinds of authority over areas further out. If a country holding an offshore island can claim a 200-mile economic zone around it, for instance, then the whole of the Mediterranean and Caribbean Seas and about half the Pacific Ocean become subject to national claims. To make the deep seabed a "common heritage," moreover, is to impose new controls there as well. These would reduce the existing freedom of private or national entrepreneurs in order to spread the expected mineral benefits to states not in a position to exploit them themselves.

This drive to write new rules for the sea results from the world's growing hunger for the sea's resources, from the increasing sophistication of the technology with which to exploit these resources, and from the growing likelihood that nations striving for them will take arms if law is not first applied. Unsurprisingly, it is those nations with long coastlines plentiful resources near their coasts (both in the water and under the seabed) and advanced technology which are in the strongest position to get what they want from the high seas. More than any other country, the United States has all three. But this does not mean it can go it alone.

With its great navy and its global political role, the United States needs the right of continued, politically uncluttered transit through the various international straits which would fall within one or another state's territorial waters under a 12-mile territorial-sea rule. This is a major goal for the American negotiators at Caracas.

Fishing is a knotty problem. Japanese and Russian "distant-water" fleets have grossly overfished haddock and salmon stocks, for example, off the American coast. But the United States has been reluctant to invoke a 200-mile economic zone because its own tuna and shrimp fleets fish within 200 miles of other nations' shores. Washington is now ready to accept the 200-mile concept but it wishes to keep some fisheries open to its tuna and shrimp fleets and, most important, to ensure that effective conservation and resource management measures are adopted all around.

As to a deep-seabed international regime to extract minerals for the "common heritage," the United States would have the new authority to simply license the exploiters and distribute the licensing revenues. But the Chinese, seeking a Third World leadership role, would arm the authority with the power to do the exploiting itself.

American fishing, gas and oil, mining and maritime operators naturally have a strong commercial interest in any new international rules of the sea, just as the U.S. government has a strong diplomatic and military interest. These interests, complex and sometimes contradictory, are all reflected in the American proposals at Caracas. Some mining and fishing groups have persuaded Congress to draft legislation that would, if enacted, preempt international decisions on crucial issues. Wisely, Congress has not acted on this legislation. The United States as much as any nation, needs the cooperation of others on the high seas. It can hardly expect to get such cooperation—indeed, its example will only breed conflict—if it acts alone.

#### THE INTERNATIONAL LAW OF THE SEA CONFERENCE

Mr. HOLLINGS. Mr. President, the Third International Law of the Sea Conference has been underway this summer in Caracas, Venezuela, to update ocean law, essentially unchanged in 350 years. United Nations Secretary General Kurt Waldheim delivered an opening speech which underscored the purpose of this conference—

The need to reach a balance which enables us to exploit the riches of the sea while preserving the interests of all... We must try to ensure that the new law of the sea will endure as the foundation of man's uses of the sea.

Mr. President, I would like to report to my colleagues on progress to date at the conference which will draw to a close on August 29 after a 10-week session.

Ambassador John R. Stevenson, Special Representative of the President, has headed the U.S. delegation with John Norton Moore serving as Deputy Special Representative. Included in the American delegation are 13 alternates, 16 Senators and Members of the House, 6 educators, 10 congressional staff members, 20 official advisers and a group of experts on petroleum, hard minerals, international law, marine environment, fisheries, marine science and maritime industries.

The opening days of the conference were primarily devoted to organization and procedure. The conference general committee designated three committees to handle issues under consideration: Committee 1—seabed regime; committee 2—economic zone and all other agenda items not assigned to committees 1 and 3; and committee 3—pollution and research. The plenary session was assigned topics of peaceful uses of the ocean and universal participation in the Law of the Sea Treaty. All committees have considered first, regional arrangements; second, responsibility and liability for damage to the marine environment; third, settlement of disputes; and fourth, peaceful uses of the ocean.

The conference established complex rules of procedure whereby a gentlemen's agreement rather than a vote has been predominantly operative. Rules permit deferment of voting on substantive matters until all possible efforts at compromise have been used.

General debate, which began on June 28, has addressed a range of issues: territorial seas, transit through international straits, protection of the marine environment, compulsory settlement of disputes and creation of an international regime for nondiscriminatory licensing and exploration of the deep seabed.

Particular attention has been focused on consideration of a 200-mile economic zone owing to substantial fisheries interest here in the United States. The economic zone being discussed in Caracas would extend coastal State control of marine and mineral resources within and beneath adjacent waters, while guaranteeing freedom of navigation and allowing foreign fleets certain rights to fish within coastal waters. While supporting this 200-mile economic zone, the U.S. delegation has called for compulsory third party settlement of disputes. This has elicited objection from several countries and is now being debated.

The 200-mile coastal State control would replace the traditional 3-mile limit established in the 17th century and subsequent delineation of a contiguous 12-mile resource zone established in more recent years. Present depletion of various species of fish coupled with inadequate and ineffective international agreements to conserve and manage threatened fish

stocks has prompted legislation, such as Senator MAGNUSON's bill, S. 1988, to address the problem on an interim basis by declaring a 200-mile resource zone.

Meanwhile, Mr. President, the economic zone concept has emerged as the preeminent and pivotal issue before the Caracas conference and until an agreement is reached, debate on other policies will not proceed expeditiously.

Ambassador Stevenson has also stressed passage of military vessels and aircraft through and over international straits as an issue of major concern. Not only unimpeded transit but nondiscriminatory transit is essential to insure unrestricted passage in terms of ship type—submarine, supertanker, nuclear powered—and destination of cargo.

Currently however, debate on these urgent issues has not produced the substantive results anticipated. The licensing aspect of the seabed question has stalemated in committee 1. Committee 2, discussing the economic zone, may complete this session with only a comparative table, not significantly different from the Seabed Committee's report available at the beginning of the conference. Scientific research, handled in committee 3, may not only be subjected to regulation inside national jurisdiction, but outside as well.

Ambassador Stevenson has expressed several misgivings concerning the present turn of discussions. Canada, Chile, Iceland, India, Indonesia, Mauritius, Mexico, New Zealand, and Norway have proposed that articles be drafted as a framework for discussion of archipelagic state's rights, territorial sea, economic zones and the continental shelf. Ambassador Stevenson, however, holds that these proposed articles are too general for use as negotiable items.

High seas freedom, particularly germane to the question of passage through international straits, has not been clearly preserved in proposals under consideration, according to Ambassador Stevenson. In addition, the Ambassador expressed reservations concerning the lack of compulsory dispute settlement provisions and absence of state duties insuring conservation and full utilization of fish stocks.

Freedom of the seas has been fundamental to international law since the Dutch jurist Grotius established the principle in 1609. That principle however, derived from Grotius' view of a limitless expanse which "can be neither seized nor enclosed," is not viable in a world of disparate interests seeking to exploit the ocean wealth. The major issues of resources, rights, and responsibilities immediately concern the nations of the world, and the Law of the Sea Conference is seeking to update ocean law to accommodate current and future world needs.

Substantive progress in this direction, however, does not seem readily forthcoming. While the final Law of the Sea Treaty should receive our close attention and hopefully provide a step forward in an international approach to global needs, the self-interests of the United States in vital issues of ocean policy must not be ignored in our efforts to achieve international agreement.

Mr. President, in order to provide a complete report for my colleagues on the

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Caracas Conference, the Subcommittee on Minerals, Materials, and Fuels, chaired by Senator LEE METCALF, Democrat of Montana, and the National Ocean Policy Study will participate in a hearing September 17 to receive a report from the U.S. delegation to the Law of the Sea Conference. Senator METCALF, who will chair the hearing, is the Interior Committee representative on the National Ocean Policy Study.

Specific issues to be discussed during the hearing will include the proposed 200-mile limit, deep seabed mining, passage of vessels through straits, ocean pollution and other subjects under debate at the conference.

Senator METCALF is the author of S. 1134, the proposed Deep Seabed Hard Minerals Act, which would authorize Federal licenses to companies desiring to engage in mining for manganese nodules on the floor of the ocean well beyond present jurisdictional limits of the United States.

The National Ocean Policy Study joint hearing, subject to later change, is scheduled to be held at 10 a.m., September 17, in room 3110, Dirksen Senate Office Building.

LAW OF THE SEA CONFERENCE

Mr. HOLLINGS. Mr. President, last week, three of our colleagues, the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PELL), and the Senator from Alaska (Mr. STEVENS) attended the third U.N. Law of the Sea Conference, held in Caracas, Venezuela. In their discussions with our negotiating team, as well as with foreign delegates, all three Senators stressed the need for speedy conclusion of a treaty to protect fish stocks off the coasts of the United States.

Mr. President, I ask unanimous consent that an article from the Caracas Daily Journal describing the Senators' discussions at the conference be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Caracas Daily Journal, Aug. 7, 1974]

U.S. SENATORS STRESS NEED TO PROTECT NATIONAL FISHING

Concerned over the sluggishness of the proceedings at the Third U.N. Conference on the Law of the Sea, Senators Edmund Muskie of Maine and Ted Stevens of Alaska yesterday stressed the need for a treaty protecting national fishing waters.

Both Senators favor the establishment of a 200-mile economic zone protecting vast U.S. fishing interests operating off both the Atlantic and Pacific coasts, but expressed dismay over the lack of progress at the Law of the Sea Conference here.

"We've got groups, people, human beings whose ability to live have been put in jeopardy by depletion of fishing stocks principally by two countries," said Muskie. "We are saying ouch!"

Muskie, in Caracas "to get a flavor of the Conference," said that not only do the proceedings seem to be slower than expected, but that there also exists the disturbing possibility that a treaty may not be produced at all.

Noting that the participating countries have had about five years to prepare for the conference here, Muskie contended that

"some of the powers that don't have any excuse have less than a sense of urgency."

"I think a treaty is imperative," Muskie affirmed, "I don't believe that unilateral action is the solution."

He conceded, however, that the American fishing industry does not think anything will come out of the conference and regards unilateral action by Congress as the only solution.

Stevens, who concurred with Muskie's bleak assessment of the chances for a treaty, supported unilateral Congressional action imposing an "interim" 200-mile economic zone to protect the American fishing industry while the treaty is being hammered out.

According to Stevens, stocks of Alaskan pollock, halibut, and salmon have been severely reduced by Russian and Japanese fleets fishing within 200 miles of the North American coast.

Stevens insisted that the imposition of a 200 miles zone will force Japanese fishermen to abide by the tough Alaskan marine conservation laws, something which he claims they have so far ignored.

The Japanese, he charged, do not observe seasonal bans imposed on American fishermen in the case of salmon, they do not observe the practice of harvesting only part of a particular run, and therefore threaten the obliteration of the species; they use trawling gear "which literally vacuums the bottom of the sea, and they fish for salmon on the high seas, which he considers a dangerous practice.

Stevens reasoned that if the United States had a 200 mile preferential economic zone, the U.S. could demand that the Japanese abide by Alaskan conservation standards before granting them access.

If the zone is established unilaterally rather than by treaty the United States would have to enforce the limit, something which Stevens contended could be done. "We are very sincere about it," he said. "We can enforce it."

For Stevens, Japanese salmon fishing on the high seas presents one of the most serious threats to the American salmon industry.

Stevens explained that salmon make runs from the rivers where they were hatched to the high seas and they intermingle with salmon from other hatching areas. When they are ready to lay eggs they return to the hatching place of their origin in fresh water.

If the salmon are fished on the high seas, as the Japanese are doing, Stevens said the danger exists that entire communities of the fish will be obliterated since several runs of salmon often swim together and cannot be distinguished from one another.

If, however, the salmon are caught as they return from their hatching grounds in individual runs, part of a run will be spared so that the first may propagate. Destroying entire communities of the fish in the high seas may place the entire species in jeopardy.

Stevens contended that even though the Japanese do much of their high seas salmon fishing beyond the 200 mile limit, the vast majority of their entire fish catch is made within the zone.

The Senator argued that access to the zone could be used to pressure the Japanese to ban high seas salmon fishing.

The salmon runs which have been depleted so far, Stevens said, can be replenished, but only if action is taken immediately.

U.N. MEMBERSHIP FOR GUINEA-BISSAU

Mr. HUMPHREY. Mr. President, the U.N. Security Council yesterday recommended unanimously that Guinea-Bissau be admitted as the 138th member state of the United Nations.

The White House press spokesman made the following statement on behalf of President Ford just before the vote:

The Government and people of the United States welcome the agreement reached in principle on August 9 between the Portuguese government and representatives of Guinea-Bissau. We extend our congratulations to the leaders of both governments.

We look forward to a productive and friendly relationship with Guinea-Bissau. I have instructed our representatives at the United Nations to support the application of Guinea-Bissau for membership in the United Nations.

Americans can be proud of our participation in this momentous decision by the Security Council. About 90 countries had already recognized the Government of Guinea-Bissau at the time of the vote. Portugal herself had announced that she would recognize the new republic's independence soon and had supported its admission to the United Nations. It was clearly appropriate that Guinea-Bissau's right to official membership in the community of nations be recognized at this time.

In welcoming this significant step in the decolonization of Portuguese Africa, we must pay tribute to the courage, the patience, the good will, and the statesmanship of the new Government of both Portugal and Guinea-Bissau. Both sides have shown great patience in negotiating differences, a willingness to take all the time necessary to work out a settlement that will be fully satisfactory to all. In the negotiations, it is apparent that both sides have worked for an agreement that would have the solid support of all the people of both countries and that would leave no wounds on either side. In Guinea-Bissau itself, judging by reports we have seen over the past weeks, soldiers on both sides have used the negotiating period not to try to improve their military positions but to work together in preparation for independence. Portuguese soldiers have received assistance from liberation movement fighters. The elected Government of Guinea-Bissau has been encouraged to organize politically in the areas that were previously controlled by the Portuguese.

While the problems of achieving a just and secure independence for Mozambique and Angola are much greater than for Guinea-Bissau, it is clear that negotiations on the future of these territories are proceeding in the same spirit of good will, patience, and respect for the interests of all involved. There is no doubt, with overwhelming world support for this evolution toward independence, that these two countries will soon join Guinea-Bissau as members of the United Nations.

I hope that the United States is giving its full support to the process now underway that will enable these territories to finally take their rightful place among the independent nations of Africa. Our Government should be in constant contact with all the participants in these negotiations and with various groups in Portugal and the territories. We should make clear to them our support for their efforts to achieve an independence settlement that is fair to everyone and offer our assistance in overcoming any ob-

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stacles that might emerge. We should support U.N. efforts to assure that minority rights are respected in this process and that the independent governments have the full support of all their people. Finally, we should begin evaluating the assistance needs of these territories in building a strong economic and political base for independence and make clear our intention to join with other nations to help meet these needs.

Mr. President, I ask unanimous consent that a Washington Post editorial of August 12, entitled "The End of Portugal's Empire," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

## THE END OF PORTUGAL'S EMPIRE

With courage and style, Portugal is cutting the knot of its African empire. Barely 100 days after the coup which removed Europe's hardest dictatorship, the new government led by former colonial General Antonio de Spínola has declared itself ready to transfer power "to the populations of the overseas provinces who are recognized to be qualified." There is some ambiguity in these words, but there is also much responsibility. Lisbon's concern is not merely to let down the immense burden which its colonies of 500 years have become, but to do so in a way that leaves the new nations-to-be as well prepared as possible to cope on their own. It is heartening that President Spínola's offer to transfer power is being received by African nationalists as an offer made in good faith.

It is no surprise that Guinea-Bissau, on west Africa's bulge, is to be the first of the colonies to receive full independence and enter the United Nations. The forces of the liberation movement there had already reduced Portuguese control to a few enclaves. The colony had become an economic liability to Lisbon. An elected government is already running the liberated zones. More than 80 states have recognized an independent Guinea-Bissau. The government of Luís Cabral claims but does not control the offshore islands, including Cape Verde—a strategically situated archipelago whose political future remains to be negotiated.

In Mozambique, in east Africa, Lisbon has pledged to start negotiations with the principal rebel group, Frelimo. An undeclared cease-fire is largely in place, thanks to the Portuguese army's reluctance to fight on and Frelimo's good sense in accepting accommodation. Several hundred thousand whites live in Mozambique; the families of some have been there hundreds of years. As progress toward independence is being made, Lisbon is understandably eager to care for their legitimate interests. Any sign of Portuguese support for the white secessionist movement which is budding in Mozambique could, of course, backfire badly.

Angola, on the white coast of the continent, is at once the largest, most populous and richest Portuguese colony; the one where the Portuguese exercise the most control and where the rebels are the most split among themselves. It is also the one harboring the most serious possibility of a black secessionist effort—Cabinids, a small territory with high promise of a great deal of offshore oil. This will be the most difficult colony to decolonize. The government in Lisbon has made a start by opening contacts with Angolan rebels.

President Spínola has aptly called Lisbon's decolonizing decision a "victory over ourselves." His government still faces difficult tests at home. Not all Portuguese are as perceptive as he in seeing the necessity of joining the modern age. He has, however, quite

vindicated those who expected that he might become, after the coup, a "Portuguese de Gaulle," a leader with the vision and stature to induce his country to cut old losses and seek new gains. The whole international community has an interest in encouraging his policy: both countries in the West which, like the United States, are friends and allies of Portugal, and other countries which proclaim themselves the champions of anti-colonialism.

The United Nations deserves special note. The Secretary General, acting at the behest of the General Assembly, has played a central part in facilitating talks between the former antagonists in Lisbon and Africa. This has surely helped ease what was bound to be a difficult transition in the best of circumstances. The United Nations' more difficult tasks, however, remain. It must help stimulate the nationalists in Mozambique and Angola to hold a referendum, or it must provide another mechanism to assure that the people of those territories have some choice in approving the government that will rule over them. The United Nations must also try to secure some guarantees for the European and Asian minorities. If the process of decolonization in Portuguese Africa starts to turn sour, as it yet could, the world body will then have to face the question of how to fulfill the international will over the opposition of some of the parties involved. But the more successful its mediation now, the less likely that it will have to cross that bridge.

## RESTRICTING WHITE HOUSE STAFF ACCESS TO TAX RETURNS

Mr. WEICKER. Mr. President, on August 7, the Senate tabled the conference report on the White House office personnel bill by a vote of 54-34, for the reason that a Senate amendment restricting executive branch access to tax returns, approved July 18, had been deleted in conference. On August 8, Chairman McGee called for a new conference on the bill and Senate conferees were appointed with instructions to insist on the Senate amendment.

Nevertheless, the House on Monday, August 12, acted in effect to send back the original conference report without the critical amendment relative to tax returns. This parliamentary maneuver by the House returned the same legislation in order to circumvent the new conference duly called for by the Senate.

By concurring in Senate amendments to H.R. 14715, but deleting the tax return section, the House is clearly questioning the Senate's resolve in twice upholding a reform to strengthen the rights of the individual under the Constitution.

I urge my colleagues in the Senate to send a message to the House that we will not play parliamentary games with the confidentiality of every American's tax return.

When the so-called "House amendment" comes to floor later this week, I intend to move to concur in the House language with an amendment restoring the Senate's provision tightening access to tax returns.

In opposing the Senate amendment, the House conferees raised questions of the germaneness of the Senate amendment, and indicated that the Ways and Means Committee was studying possible legislation in this area. And, in spite of the IRS Commissioner's public testi-

mony supporting restrictive procedures for White House access to tax returns, the Administration has consistently lobbied against the Senate amendment, decrying its possible interference with normal Federal agency procedures, and also promising its own legislation to remedy acknowledged abuses.

I do not believe these arguments against the Senate amendment are valid or convincing. Nevertheless, in the interest of accommodating objections of the House and the administration against the Senate tax return amendment, I will offer a modified amendment which narrows the restriction on access to tax returns to White House Office staff, rather than the entire executive branch. The modified amendment reads as follows:

S. 113. Limitation upon access of White House Office personnel to tax returns.

Notwithstanding any other provision of law or any regulation made pursuant thereto, no return within the meaning of 26 U.S.C. 6103(a), including any information of any kind appearing on such a return, shall be open to inspection by, or disclosed to any officer or employee in the White House Office, other than the President personally upon written request made to the Secretary of Treasury or his delegate.

This modification should reasonably preclude any questions of its germaneness to a White House Office Personnel bill which, among other sections, authorizes additional White House employees who "shall perform such official duties as the President may prescribe."

I submit that this modified amendment would achieve an important and necessary reform aimed at questionable practices uncovered in recent Senate investigations. I know of no compelling rationale for White House aides to have access to any tax returns or the information contained therein. Should the President require tax return information to fulfill his official duties, he may make a personal request in writing for such material from the IRS.

In tabling the conference report last week, the Senate stood firm in support of reform necessary to restore the integrity of our Government.

With the House playing parliamentary games and the administration waffling on needed reform, let the Senate now reaffirm its commitment to the fundamental principles of constitutional democracy.

Let us now for the third time in as many weeks, express our support for restricting White House tampering with confidential tax returns.

## FOOD, NATURE, AND TECHNOLOGY

Mr. KENNEDY. Mr. President, one of the most pressing problems which all nations must confront together during the years ahead is the grim prospect of acute international hunger. More and more nations are succumbing to a common malady of severe food shortages as the explosion of world population and devastating natural disaster swell food demand and this soaring need for food only serves to drain what little food reserves existed



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these services, they receive no share of the royalties. This is in direct conflict with long-established revenue sharing procedures in effect for royalties received in connection with mineral exploration and production from on-shore public lands.

Mr. President, it is high time this unfair situation is corrected. Outer Continental Shelf oil and gas leasing will increase dramatically in the next few years as this country strives to become self-sufficient in energy production. If the States off whose shores this leasing takes place are to provide governmental services essential to the people and industries engaged in the work, they must have a share of the revenue derived from it.

An editorial printed in the Anchorage Daily Times on June 12 discusses this issue in detail, especially as it relates to impending expansion of offshore oil and gas production in the Gulf of Alaska.

I urge the Congress to recognize the urgency of this matter and to act as quickly as possible to complete work on S. 2389.

I ask unanimous consent that the Anchorage Daily Times editorial of June 12, 1974, be printed in the RECORD following my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### SHARING OFFSHORE DOLLARS

As interest mounts in federal offshore leasing of petroleum tracts in the Gulf of Alaska, pressure also should increase on the Congress to correct an obvious flaw in the way revenues from such leases are handled.

Unfortunately, the desire for a summer recess plus the embroilment in the Watergate affair threaten to give a low congressional priority to what Sen. Ted Stevens, Gov. William A. Egan and many others have cited as an urgent problem facing all states where offshore drilling activity is either in progress or contemplated.

The problem is simple to explain.

All money accrued from petroleum or mineral leases on offshore public lands—be it in the form of bonuses royalties or leasing fees—goes directly into the federal treasury. None goes to the adjacent states which must support the offshore activity through increased public services for schools, police protection, park and recreational expansions, sewers and all the other attendant needs of population booms.

This is in direct contrast to what happens to revenues derived from onshore drilling activities on public lands. The discrimination is substantial. The solution to it is not the elimination of revenue-sharing by states affected by onshore drilling, but rather by extension of the concept to offshore revenues.

As things now stand, the Mineral Leasing Act of 1920 grants states 37.5 per cent of revenues from public lands within their borders in compensation for their support of public facilities. To use a term now current in Alaska, the money offsets the "impact" of exploration and production activity. Alaska already benefits greatly from this onshore assistance.

But unless there is a change in the law, the vast impact of offshore operations in the Gulf of Alaska will hit the state—and coastal communities which become support centers for the operations—with a severe blow.

Gov. Egan has called repeatedly for an amendment of the federal law to correct this situation, Sen. Stevens, another strong ad-

vocate of granting the states a share of offshore operations, is the sponsor of one of four bills dealing with this situation now pending in the Senate.

George W. Healy Jr., retired editor of the New Orleans Times-Picayune and a leading national spokesman on the subject, has pointed out how this discrimination has hit home in his state:

"... It costs the State of Louisiana considerably more to provide governmental services for people whose work is involved in operations three miles beyond our coast than the state receives in taxes as a result of these operations. We collect no severance tax on oil and gas produced three miles off our coast, although the severance tax is the mainstay of Louisiana education financing. We do not collect even sales tax on goods and materials used or consumed on the offshore rigs."

This same situation will develop in Alaska unless the law is changed.

#### THOUGHTS ABOUT FIGHTING INFLATION

Mr. DOLE. Mr. President, with inflation clearly the leading concern of the American people today, many cures and remedies have been suggested.

Curiously, some would contend that the way to fight inflation is to increase Federal spending and expand many Government programs. But I believe the majority of our people are thoroughly convinced that this very outflow of Uncle Sam's capital is the root cause of the inflation problem.

I agree with this view and believe that the elimination of unnecessary and wasteful Federal spending—along with a balanced budget—is the only way a sound and stable economic climate can be achieved.

I was interested, therefore, in the June 10 comment of the *Salina, Kans. Journal*. In an editorial entitled "Care for Inflation" the *Journal* set forth several sound ideas about the necessity of a strong "home base" in our domestic economy which I believe are shared by millions of Americans today. These thoughts merit widespread consideration in the Senate as work on the appropriations bills for the coming fiscal year approaches, and I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### CURE FOR INFLATION

Inflation and interest rates are greater national problems today than Watergate. They can lead to an economy wrecking blow-up.

Congress can do something about them. Here's how:

Two of the inflationary federal programs are foreign aid and military procurement. In some ways, they are tied together.

Both spend money the U.S. Treasury does not have. That creates debt and rubber dollars. The Treasury must borrow at higher and higher interest rates. That boosts inflation and bank rates.

Although some of this spending comes back in the form of wages and profits to American labor and industry, little that it produces is useful. Not much is made that we can wear, eat, drink, drive or fiddle. Too much is designed to go boom.

The wages and profits step up consumer demand but do not increase the goods that

consumers want. Excess of demand over supply is a classic cause of inflation.

To the extent that it produces only paper work, any governmental spending is inflationary. But foreign aid and military spending are special and excessive examples.

But isn't national security involved? Shouldn't we be able to blow up the Russians faster than they blow us up? Shouldn't we fulfill those secret commitments to the crooks in South Vietnam?

On the contrary, if our role as a superpower and sugar daddy to the world is to result in bankruptcy and bread riots at home, is it worth the price?

Furthermore, we can undo all our do-goodism by leading the world into depression. It already is heading there and our own inflation is one cause.

If Congress cut out at least part of this spending, shrunk the appropriations for aid and for airplanes that don't fly, ships that don't float and generals that don't fight, what more could it do? More than reducing the federal debt?

Among our greatest shortages are those in energy and housing.

Some of the billions saved could be turned to low-interest loans for home construction and utility improvements. Ample precedent and methodology exist for both type of loans.

Why bail out the public utilities? To meet increasing energy demands they must make capital expansions financed today at an enormous cost. Publicly regulated, they can and do secure approval of rates that pass these excessive finance charges on to the consumer. Low interest loans to utilities could cut consumer bills.

Stimulation of housing and utility development also would tend to compensate for any reduction in employment caused by a shutdown in military hardware. Skills required to make turbines and guns are not dissimilar.

Turning swords into plowshares may not appeal to a Pentagon-fed Congress. Reduction of aid may not fit Mr. Nixon's dreams of world power.

However, the prime essential of any military or diplomatic program is a strong home base. And our home base now is grievously threatened.

If these notions make sense, tell Jim Pearson, Bob Dole and Keith Sebelius.

#### THE LOCKHEED-TEXTRON REFINANCING PLAN

Mr. CRANSTON. Mr. President, I would like to call my colleagues' attention to a matter which might have escaped their notice in the press.

For many months, rumors have circulated that Lockheed Aircraft Corp. was once again in serious financial difficulty and would soon come to the Government for another bailout. Apparently that will not be the case. On June 3, Lockheed announced a tentative plan to refinance its long-term debt. The plan would bring \$100 million of new equity to Lockheed, financed largely by the purchase of 12 million new common shares of Lockheed by Textron, Inc.

On the surface, it looks to me as though the plan would bring needed new capital to Lockheed job security to thousands of employees at Lockheed and its major suppliers and subcontractors, and perhaps an end to the need for the Government's \$250 million loan guarantee, in effect since 1971.

The plan is subject to the approval of Lockheed's banks and other creditors and the shareholders and directors of both Lockheed and Textron. If these

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groups find after careful study that the plan is as advantageous for all concerned as it seems to me on the basis of a superficial review, I trust they will approve it.

Mr. President, I ask unanimous consent that the press release issued by Lockheed Corp. to explain the arrangement, be printed in the Record.

There being no objection, the press release was ordered to be printed in the Record, as follows:

**LOCKHEED, TEXTRON DIRECTORS APPROVE TENTATIVE PLAN FOR RESTRUCTURING LOCKHEED DEBT**

BURBANK, CALIF., June 3.—Daniel J. Haughton, Chairman of the Board of Lockheed Aircraft Corporation, and G. William Miller, Chairman of the Board of Textron Inc., jointly announced today that their respective Boards of Directors have approved a tentative plan which would include an equity investment by Textron in Lockheed and a restructuring of Lockheed's debt. Mr. Miller indicated that Textron has held talks concerning the plan with Lazard Freres & Co., Lockheed's financial advisor, and also with some of the Lockheed lending banks.

The plan contemplates a new equity investment in Lockheed of \$100 million, of which Textron would provide \$85 million by acquiring 12 million new common shares of Lockheed at \$5 per share and \$25 million of its new Lockheed preferred stock. The remaining \$15 million would be provided by a rights offering of 3 million new Lockheed common shares to Lockheed shareholders at \$5 per share to be underwritten by Lazard. After the purchase of 12 million shares of Lockheed common stock, Textron would own about 45% of the approximately 26.4 million Lockheed common shares then outstanding.

It will be a condition of the plan that the Lockheed lending banks convert \$275 million of the present \$620 million Lockheed bank debt into the new Lockheed preferred stock, and confirm a bank credit to Lockheed of \$375 million.

In addition to the infusion of new equity, the plan would result in a significant reduction of Lockheed's debt service costs and would improve cash flow during the next several years.

Under the plan, Lockheed would continue as a separate corporation, with the benefit of the new financial support provided by the lending banks, Textron and Lockheed shareholders. The stock of Lockheed acquired by Textron would be held for investment, and there would not be a merger or consolidation of the two companies. Textron operations would not be affected in any way.

Except for Mr. Miller becoming chairman and chief executive officer of Lockheed after the proposed recapitalization is finalized, at which time Mr. Haughton will become vice chairman, no other changes in the management of Lockheed are contemplated. Mr. Miller will continue as chairman and chief executive officer of Textron.

Textron is a diversified company with total assets of \$1.3 billion, and with 1973 sales of \$1.9 billion and net income after taxes of \$100.5 million.

One of the primary purposes of the plan is to give additional support to Lockheed's TriStar-1011 commercial air transport program. The TriStar is an important part of the air fleet of many major airlines around the world. In order for the plan to become effective, it would be a condition that sufficient airline second buy options be converted into firm orders, or new orders be obtained, to bring the TriStar program to a total of 180 firm production commitments, including the 74 airplanes already delivered. Cumulative orders to date total 202, including 135 firm orders and 67 second buy op-

tions. It is contemplated that the TriStar program will run to at least 300 aircraft over its entire lifetime, extending well into the next decade.

Under the proposed plan Lockheed would undertake to adopt a change in accounting policy by writing off certain non-recurring costs related to the TriStar program. These non-recurring costs have already been expended and are currently being amortized by Lockheed over the planned 300 airplane program. It is estimated that under the amended accounting policy, the write-off which would be charged to Lockheed's income in 1974 as a condition to and before the plan becomes effective would amount to approximately \$300 million net after providing for the anticipated related tax benefits. It is anticipated that in future years the TriStar program would operate near a breakeven after all charges. With continuation of Lockheed's other substantial and profitable programs, this would permit Lockheed to return to greater profitability.

Lockheed's operations include Lockheed Missiles and Space, located in Sunnyvale, California, which produces fleet submarine ballistic missiles such as the Poseidon, satellite space vehicles and other research and development projects; Lockheed-California, with plants in Burbank and Palmdale, which in addition to producing the TriStar L-1011, designs and manufactures military aircraft such as the P-3C Orion and the S-3A Viking; Lockheed-Georgia, located in Marietta, which designs and builds large military and commercial airlift and cargo aircraft such as the C-130 Hercules; Lockheed Aircraft Service, with headquarters in Ontario, California, which is the nation's oldest and largest aircraft maintenance and modification firm with operating branches around the world; and a number of other divisions.

The plan is intended to assure availability of sufficient capital so that these Lockheed operations will not be restricted by lack of adequate financial resources. Many Lockheed programs are essential to national security and represent some of the most advanced technology in the world.

The suggested plan contemplates release, on terms satisfactory to the parties, of the U.S. Government loan guarantee for Lockheed which was approved by Congress in 1971. The proposed support from private banks and private industry should assure continued vitality of Lockheed as a unique and vital American enterprise.

With the restructuring of debt, it is expected that Lockheed would be able to generate sufficient cash over the next few years to make substantial reduction in its senior securities and maintain itself on a sound financial basis.

The preliminary plan, if accepted and implemented, would be subject to approval by Lockheed's banks and other creditors and by Lockheed and Textron directors and shareholders. It would also be subject to several other conditions, including agreement by Rolls-Royce as engine supplier to continue its support of the TriStar L-1011 program, and approval of various U.S. Government agencies.

It is expected that closing would occur by 30 November 1974.

**THE CARACAS LAW OF THE SEA CONFERENCE**

Mr. FANNIN. Mr. President, on the 20th of June this year, representatives of more than a hundred nations will gather in Caracas, Venezuela, under the auspices of the United Nations for a Law of the Sea Conference. One of the most important items of the agenda will be the formulation of guidelines clearing the way for exploitation of the mineral

resources of the deep seabed before we are faced with a mineral crisis as serious as the energy crisis now upon us. The nature of the mineral problem, the extent of the deep sea resources available with our present advanced technology, the salient points of the very fair American position at Caracas and the alternatives open to us are set forth with great clarity in a carefully researched article entitled "The World's Greatest Strip Mine" which appears in the February issue of the Navy League's Sea Power magazine. I cannot overemphasize the importance of the subject dealt with in this article which I would like to share with my colleagues and with readers of the CONGRESSIONAL RECORD. Mr. President, I ask unanimous consent that aforementioned article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

**THE WORLD'S GREATEST STRIP MINE—A TRILION-TON GOLCONDA OF LAND-SCARCE METALS IN THE DEPTHS OF THE SEA**

(By Merle Macbain)

Merele Macbain is a retired Navy commander and a former public affairs officer on the staff of the Oceanographer of the Navy.

"The real extent of our dependence on mineral resources places in jeopardy not merely our affluence but world civilization."

This is the chilling conclusion of the authors of a new and definitive assessment of American mineral resources commissioned by the U.S. Geological Survey. The 722-page report—which bears the challenging title "Professional Paper 820"—has received only passing mention in the daily press, however.

The subject had better not be dropped there, and if some of the bolder American mining tycoons have their way it won't. But the most likely solution to a large part of the "mineral crisis" poses some staggering problems, the least of which are technical.

Some of the relevant facts are undisputed. The United States, rapidly becoming if not already a have not nation, is now importing, in whole or in part, 69 of the 72 raw materials vital to the present high American standard of civilization. This is on the authority of Helen Delich Bentley, the salty and indefatigable chairman of the Federal Maritime Commission, who points out that virtually all raw materials imported must come in by ship.

Four of the most essential of Mrs. Bentley's list of 69 vital raw material imports are manganese, nickel, copper and cobalt, and for various reasons deserve special attention.

Manganese—the fifth most widely used metal in the world. This ferroalloy serves as a scavenger in extracting impurities in the manufacture of steel and in turn alloys with steel to make it durable and tough. When a nation can do without steel it can do without manganese. But the United States, which definitely cannot do without steel, produces no, repeat no, manganese of metallurgical quality. In 1970, the latest year for which Department of Interior figures are available for all four metals cited, the United States imported, at a cost of \$66 million, 85.7 per cent of all the grades of manganese it consumed.

Nickel—a necessary alloy in the production of stainless steel. Large amounts are required for a variety of high temperature and electrical resistance alloys and smaller amounts for such items as coins and nickel cadmium batteries. In 1970 the United States imported 100 per cent of its high-grade nickel consumption, mostly from Canada, at a cost of \$426.5 million.



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Copper—second only to iron in the amount and variety of its uses. The United States currently, and fortunately, produces the vast bulk of its requirements. The problem here is the approaching exhaustion of high grade U.S. ores. In 1970 the United States imported 6 per cent of its primary consumption, at a cost of \$71 million.

Cobalt—most important for the manufacture of permanent magnets. Without it there would be no modern communications systems. It is also used in guided missiles, jet aircraft engines, gas turbines and high speed tool steels. Cobalt ores, for which no substitute has been found, are produced principally in Zaire, Zambia and Morocco. In 1970 the United States imported 92 per cent of its cobalt needs, at a cost of \$26.5 million.

#### A BILLION FOR FOUR

It seems fair to assume that, with the devaluation of the dollar (coming back up again, however) and the steady increases in consumption which have occurred, the cost for imports of these four metals alone may be well over a billion dollars in 1974—not a large bite of the U.S. national budget perhaps, but a sizable factor in the balance of payments.

As the energy crisis should have taught U.S. decisionmakers, the important thing is not only the cost but the fact that U.S. national security and the welfare of the American people require absolute assurance of an uninterrupted source of supply of raw materials essential to the economy.

It is reassuring to realize, therefore, that unlimited quantities of the four minerals here singled out are available to American miners within three to four miles of cheap and efficient transportation. The location is at the bottom of the ocean, the transportation is by ship, and the three to four miles is straight down.

All four metals, together with minor or trace amounts of some 25 others, are found in the manganese nodules that strew the bottom of every ocean and even such large freshwater bodies as the Great Lakes. The average nodule is one to three inches thick. The best commercial specimens lie in great carpets on the Pacific floor in a wide band running south of Hawaii from mid-ocean to near the southern California coast.

Credit for discovery of the nodules belongs to the scientists who made the historic globe-girdling three-year oceanographic voyage of the converted British corvette HMS Challenger in the 1870s. These first specimens of the world's greatest treasure were tucked away in the British Museum and for a time forgotten. About the size and color of an over-done meatball, they were easy to forget. And, since they are found at depths of 12,000 to 20,000 feet, they could not then have been reclaimed in quantity, even if they had been blue-white diamonds.

There are several theories explaining the origin of the nodules. A favorite one suggests that metallic elements in sea water form around any small nucleus, perhaps a bit of sea shell, much as the pearl in an oyster shapes itself around a grain of sand. Manganese nodules are half buried in the mud, and coverage of the bottom in the huge area of known major deposits ranges from zero to 50 percent. A workable mine site would average 30 to 35 percent coverage, with a concentration of about two pounds per square foot. Educated guesses place the quantity in the Pacific alone at somewhere between one and two trillion tons. The growth rate is estimated at 15 million tons a year, making the lode the only perpetually self-renewing treasure since Aladdin lost his lamp.

Mineable nodules are 35 percent or more manganese, from 1 to 1.6 percent nickel, .75 to 1.5 percent copper, .2 to .3 percent cobalt and .05 percent molybdenum.

#### SCOOPING UP THE MEATBALLS

Getting the nodules to the surface and into the holds of a mother ship is an awesome engineering feat. And there is no precedent in land mining operations for the problems involved in processing the raw nodules in which the recoverable minerals are distributed atom by atom throughout the ore. Some ten years of quiet but expensive experimentation by several companies and syndicates appear to have resulted in workable solutions to the engineering problems.

American companies favor some type of vacuum dredging, for the most part. In the continuous-path method a dredge head suspended by a conduit from the ship is swept back and forth over the mine site, sucking up nodules as it goes. Fixed-area dredging involves a collecting device, such as a sunken barge, which remains stationary until the ore lying within its sweeping radius has been collected.

The second method, a Japanese invention, employs an endless rope to which dredging buckets are attached at intervals. The ship moves sidewise as the revolving loop of dredge buckets is dragged across the bottom, scooping up the ore. By whatever method, the prospecting phase alone can cost from \$2,000 to \$4,000 a day, and considerably more for full production operations.

Several carefully unpublicized methods for winnowing the metals also have been tested. All successful ones are believed to involve hydrometallurgical techniques with sufficient flexibility to accommodate the varying character of the ore.

Most authorities agree that the United States has a technological lead both in the systems developed for nodule retrieval at great depths and in the metallurgical processes for reclaiming the ores. This lead, say spokesmen for the American companies involved, is a fragile one, however, and will be lost to aggressive foreign competition if not promptly pursued. Japanese, West German, and French interests are the most advanced competitors. Russian capabilities, as usual, are not fully known.

A dozen American companies have already shown enough interest to invest substantial research effort and seed money. There are three leaders: (1) Deepsea Ventures, a subsidiary of the Tenneco conglomerate, is believed to have invested well over \$10 million in sea mining programs since a go-ahead decision in 1968—following years of earlier investigative work. The DV ship Prospector has sampled a number of potential mine sites in the Pacific and in the course of more than 30 cruises has brought back tons of nodules to the company's pilot processing plant at Gloucester Point, Va. (2) The Kennecott Copper Corporation has logged the recovery of samples from more than 3,000 Pacific sites and brought back some 250 tons for experimental processing in the company's San Diego laboratory. (3) The Summa Corporation, solely owned by billionaire Howard Hughes, has an estimated \$60 million already invested and another \$200 million committed to a system designed to sweep up 5,000 tons of nodules a day. The company is ready to commence operations with the 36,000-ton Hughes Glomar Explorer, built to order by the Sun Shipbuilding and Dry Dock Co. The sophisticated Hughes system includes a 324-foot submersible barge designed to carry a huge dredge head to the ocean bottom to scoop up nodules and send them by compressed air up a 16-inch pipe to the ship. Nothing is known of the company's processing facilities.

Leigh S. Ratiner, Director for Ocean Resources, Department of the Interior, makes some assumptions and predictions which indicate the important role ocean mining can be expected to play in the metals market.

Taking 1975 as a target year, he assumes that mineral content of the nodules is approximately as estimated in the above (industry) figures, that there would be two companies processing three million tons per year and one company processing one million tons per year. He further assumes that all would be extracting close to 100 percent of the reclaimable metals. Nickel production, which he regards as the key factor, would then fill 4.8 percent of U.S. primary nickel demand and amount to 53 percent of projected imports. Manganese from the sea would fill 12 percent of both demand and imports. Copper would come to 3 percent of estimated demand, 41 percent of imports. The sea-produced by-product of cobalt, if all of it were extracted, would be significantly in excess of both demand and imports.

#### DON'T HOLD YOUR BREATH

Ratiner, who speaks authoritatively for the executive branch of the government, adds, significantly, that 1975 is not the date to expect deep sea mining of such magnitude to occur.

What, then, is the date? Soon? Ever?

The nodules lie deep on a near lifeless (and therefore incorruptible) sea bed far outside the widest and wildest claims of territorial jurisdiction—even beyond the reach of the Geneva Convention rules for exploitation of the continental shelf.

Since U.S. firms know where the marketable nodules are and have a pretty good handle on the technology required to retrieve and process them, what are they waiting for? They are waiting, say the impatient miners, for the United States government to spell out protective guidelines enabling them to set out claims large enough and for a tenure long enough to make possible a fair return on the huge investment required.

But the United States government, says the more patient State Department, is itself waiting for a set of internationally acceptable guidelines, preferably under the aegis of the United Nations.

Which brings up the U.N.'s "Law of the Sea Conference" scheduled for this summer in Caracas, Venezuela. There the collision courses of the "have" and "have not" nations will converge, and they will hopefully hammer out the framework, at least, for the first truly global code of sea law since Hugo Grotius, the 17th century Dutch lawyer, fabricated the historic legal brief which led to the "cannon-shot" rule for territorial waters and the philosophic-legal concept of *Mare Liberum*, or Freedom of the Seas.

#### COUNTDOWN TO CARACAS

Also on the agenda at Caracas, in addition to exploration of sea bed minerals, are use of the sea bed for active and passive military purposes, world fishing rights, limitations on air overflights, commercial shipping, naval operations, oceanographic research, marine pollution and the jurisdiction of coastal states over adjacent waters. Probably the best that can be hoped for in any of these numerous controversial areas is an all-nation agreement or a series of area agreements equally distasteful to all concerned.

There are few matters in which amicable agreement will come easy, if at all. The highly charged question of coastal state jurisdiction over adjacent waters provides possibly the best example.

Various national positions range from the tenacious U.S. stand for the traditional three-mile limit to the insistence by Latin American states fronting the Pacific on a 200-mile limit that the conference provide them economically important fishing monopolies in offshore currents.

There is more involved here than fish, of course. Most states now appear to favor, and many insist on, a twelve-mile territorial zone. But even that small increase would bar free access, via Gibraltar, to the Mediter-

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anean for the United States and to the Atlantic for Russia. And Japan would lose access through the straits of Malacca, vital to her fuel imports, from the Persian Gulf. Many other important straits would be affected.

It is no secret that the United States is prepared, however, to accept extension of territorial limits out to 12 miles, provided there are specific exemptions made to guarantee continual rights of free passage through narrow waterways of strategic importance to U.S. military security and vital commercial interests.

The United States will probably also agree to even broader "layered" zones in which coastal states would exercise varying degrees of control over fishing, mining, pollution, exploration and treasure hunting—but would not have the right to impede unrestricted passage by ship. It is conceivable, then, that the High Seas with all of its traditional freedoms for just about everything short of piracy will move from three miles out to 200 miles from the continental shores.

## SEA BED WAR IN CONGRESS

American miners are concerned about how their interests will fare in the trade-offs that probably will have to take place in the smoke-filled committee rooms at Caracas if agreements are to be reached. To strengthen their own bargaining position, and as a hedge against possible prolonged postponement or outright failure of the Caracas Conference, the influential American Mining Congress is pushing a legislative program of its own in the form of two identical bills: H.R. 9—sponsored in the House by Representative Thomas N. Downing (D-Va.), chairman of the House Oceanographic Subcommittee—and S. 1184—introduced for consideration in the Senate by Senator Lee Metcalf (D-Mont.) Chairman of the Subcommittee on Minerals, Materials and Fuels.

The Dorn/Metcalf legislation would authorize the Secretary of the Interior to issue exclusive licenses to American citizens and corporations to stripmine the ocean floor for hard metals in blocked-out areas as large as 40,000 square kilometers (about the size of West Virginia, but to be reduced by 75 per cent for actual commercial operations) and to conduct in-depth mining in much smaller areas. Claims sponsored by "reciprocating states" with comparable legislation would also be recognized.

To maintain his claim a licensee would be required to invest substantial development funds on an ascending scale, to maintain continuous commercial recovery once started, to protect the integrity of his working environment, to avoid interference with other ocean users, and to agree to arbitration of disputes. The licensee's investment would be protected by government-administered but miner-financed insurance against outside interference and miners would be reimbursed by the government for any loss due to international regulations agreed to by the United States which would be less favorable than the rights granted under the law.

There have been extensive hearings on the bills by both committees. Senator Metcalf, a former judge who believes in hearing all sides of a case, has taken exhaustive testimony from miners, scientists, environmentalists, State and Interior Department officials, and spokesmen for that potent new force in American life, groups of "Concerned Citizens."

Congressman Bob Wilson of San Diego, a leading legislative authority on oceanography, is also sponsoring legislation aimed at promoting an immediate climate favorable to deep sea mining on a commercial scale.

Such informed authorities as Ambassador John R. Stevenson, special representative of the President for the Law of the Sea Conference, and Charles N. Brower, Acting Chairman of the Inter-Agency Task Force on the Law of the Sea, believe the United States is morally bound to foreign unilateral legisla-

tion as long as there is a reasonable expectation of a "timely and successful" international agreement. "Timely and successful" means agreed-upon rules no later than summer 1975. They emphasized in their testimony that the United States continues to adhere to President Nixon's position that it is neither necessary nor desirable to halt exploration and exploitation of the sea beds during the negotiating process, provided such activities are subject to the international rules to be agreed upon, which rules should include due protection of the integrity of investment made in the interim period.

Less temperate testimony from private groups has characterized the proposed legislation as a miner's land grab which would create a new arena for clashing jurisdictions out of the last truly international area on earth.

The most vociferous opponents of independent national or private industry initiatives are the members, perhaps 75 or more, of an informal bloc of developing nations in Asia, Africa and South America who favor an all-powerful international authority to direct all deep sea mining and apportion the income derived from it. This bloc has rallied under a banner which proclaims the deep sea as "the common heritage of mankind." This handsome piece of rhetoric is certain to haunt the halls and resound from the rostrums at Caracas.

Meanwhile, the miners wait, spending additional sums for exploration and experimentation until they can secure the protection, national or international, they must have to induce bankers and private investors to help provide the capital—as much as \$250 million for a one-unit operation—to go into commercial production. Some, with little faith in the Law of the Sea Conference, privately express the hope that the enigmatic billionaire, seemingly independent of outside capital and restraints, will press straight on and that international law will then take shape around a *fait accompli* as it so often has in the past.

Most miners as well as many legislators and leading oceanographers simply hope for reasonably prompt action, national or international, that will make it possible to put U.S. technology to work on a commercially significant scale. They believe that a law could be enacted by Congress flexible enough to provide the necessary security for investment capital now and to be fitted into any all-nations agreement that might come later.

If a mineral crisis as serious as the energy crisis already here is to be avoided, say proponents of the current legislation, there can be neither weakness of will nor meanness of spirit. The United States can afford to be generous in cooperation with any international sea-mining body of the future, because there are minerals enough in the ocean for all. What the country cannot afford is to let the opportunity to secure its own future slip away.

If responsible private industry gets the regulated backing it needs, metals from the deep sea bed will follow the fishing and underwater oil industries as the third great source of ocean wealth, and may some day, in fact, become number one.

Mr. FANNIN, Mr. President, members of the Senate Interior Committee have been following the efforts conducted by the U.N. Seabed Committee leading up to the Caracas conference. We have approached this subject in a purely bipartisan manner by making our views known to the administration on the issues relevant to our committee's jurisdiction. As part of this effort we have most recently transmitted to the Secretary of State a letter reflecting the views of this committee on two important is-

ssues that will be considered by the conferees at the Caracas meeting. One relates to the seaward limits of the Continental Shelf and the other pertains to the regime for mining the deep ocean floor beyond the limits of the Continental Shelf. These views are definitively set forth in the letter which I ask unanimous consent be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. SENATE,  
COMMITTEE ON  
INTERIOR AND INSULAR AFFAIRS,  
Washington, D.C., June 7, 1974.

Hon. HENRY A. KISSINGER,  
Secretary of State,  
Washington, D.C.

DEAR MR. SECRETARY: As you know, a conference will convene in Caracas on June 20th to attempt to negotiate a treaty or treaties resolving international problems affecting the law of the sea.

The Senate Committee on Interior and Insular Affairs has been following these negotiations closely since the inception of the United Nations Seabed Committee in 1967. Since that time, on a continuing bipartisan basis, members have participated in a special subcommittee chaired by Senator Metcalf. They have sent representatives to nearly every session of the United Nations Seabed Committee. Additionally, the Committee has held several hearings related both to proposed ocean mining legislation and to developments which have taken place at the various preparatory sessions conducted by the Seabed Committee. We have also met with the United States delegation to the Seabed Committee, usually prior to departure and subsequent to its return from these sessions.

Although several issues will be considered at the Caracas conference, this Committee has confined its attention principally to matters affecting the development of mineral and fuel resources. Our principal concern has been directed to the following two issues:

The limits of coastal state jurisdiction over resources of the seabed adjacent to and beyond the territorial sea and the nature and the limitations of coastal state jurisdiction and authority in such areas.

The rights of individual countries and their nationals to explore and develop the natural resources of the seabed beyond the limits of national jurisdiction, the rules and conditions and institutions which might govern such exploration and development, and the distribution of benefits resulting therefrom.

Members of the Committee have frequently made known their views about the policies the United States should adopt regarding each of these issues. With regard to the former, members of the special subcommittee, in their report of December 21, 1970, expressed the following conclusion:

... we adopt the view of the American Branch of the International Law Association regarding the seaward limits of the Continental Shelf. That position is not only consistent with the wisest of policy preferences, but more importantly soundly interprets the present law. It holds that "rights under the 1958 Geneva Convention on the Continental Shelf extend to the limit of exploitability existing at any given time within an ultimate limit of adjacency which would encompass the entire continental margin."

We interpret the meaning of the term "continental margin" to include the continental shelf, slope and rise. We understand that a growing number of countries support the principle that coastal state jurisdiction over natural resources of the seabed adjacent to its coast should be limited to that area

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contained within that part of the seabed which is bounded by a line parallel to and 200 miles distant from the base line from which the territorial sea is measured. We understand that within some executive branch agencies there is support for such a position. We would like to state our strong preference for the view which would allocate to coastal states areas of the seabed adjacent to their coasts which extend seaward 200 miles and, in addition, all portions of the continental margin which extend beyond 200 miles. We have present rights under international law to this area.

As you know, there are several areas of the United States continental margin which extend beyond 200 miles. Because of the nation's critical energy problems, including our increasing dependence on imported oil, the United States should not forfeit any portion of the continental margin which could be utilized for mineral production, and more particularly, for production of oil and gas. The United States has rights to all natural resources of our continental margin, no matter how far seaward it extends. We should not jeopardize these rights at Caracas.

Regarding the issue of the regime for the deep seabed, various options have been considered in preparing for the Law of the Sea Conference. Many developing nations have expressed a preference for the establishment of an international seabed mining organization, frequently referred to as "The Enterprise." It would have exclusive authority to explore and develop the resources of the seabed beyond the limits of exclusive coastal state jurisdiction. Through control of "The Enterprise," the developing countries could deny effective commercial access by the technologically advanced states to the natural resources of the seabed lying beyond the limits of exclusive coastal state jurisdiction.

Many developed nations, including the United States, have favored preserving as best they can the existing high seas freedom including, but not limited to, the freedom to conduct scientific research on the high seas and to mine the minerals of the ocean floor beyond the limits of exclusive coastal state jurisdiction. These nations have not opposed the creation of an international organization to administer the exploration and development of seabed resources lying beyond the limits of exclusive coastal state jurisdiction, but they have indicated the preference that such an international organization neither conduct such exploration and development of the mineral resources of the deep ocean floor, nor control production thereof. They have tended to take the view that we should neither restrict opportunities for exploration and development of the deep ocean floor by developing countries, nor object to paying a portion of the value of the mineral production on the ocean floor to an international organization, for the use and benefit of developing countries. Also they have continually expressed a preference for some sort of equitable licensing system which an international organization would have the authority to administer on a ministerial, rather than discretionary, basis. In other words, once an applicant state met the relevant standards, it would automatically be eligible to receive a license from the international authority.

The principal commodity to be mined on the deep ocean floor would be manganese nodules which are rich in copper, nickel, cobalt and manganese. There is a growing reluctance of mineral exporting countries to make these minerals available to the United States on a secure and continuing basis. Our heavy dependence on imports of such minerals places us in a vulnerable position. Specifically, the United States dependency on imports of such minerals is as follows: manganese, 97%; nickel, 74%; cobalt 98%; and copper, 18%.

In light of this dependency, we feel that

it is vital to the national interest that the United States companies retain their current right of access to mine nodules lying on the deep seabed under terms and conditions conducive to making the investments necessary for their development. We believe this objective should be vigorously pursued at Caracas.

The Committee will follow the proceedings at Caracas with great interest, and will look forward to meeting with the members of the delegation upon their return.

Sincerely yours,

HENRY M. JACKSON,  
ALAN BIBLE,  
PAUL FANNIN,  
CLIFFORD P. HANSEN,  
JAMES L. BUCKLEY,  
JAMES A. MCCLURE,  
DEWEY F. BARTLETT,  
U.S. Senators.

### THE PRIVATE SECTOR WASTES MONEY TO JUST LOOK

Mr. PROXMIER Mr. President, the waste in the Federal Government has been denounced broadly in the Congress and out and it should be. As one of the principle denounciators I not only plead guilty but promise to keep it up, whenever possible.

Still the fact remains—not only that the great majority of workers in the Federal Government work hard and conscientiously, but there is also considerable waste in the private sector and in some respects it is even worse.

As a prime example of this I am indebted to Joe Cappel of the Chicago Daily News who has just honed his typewriter in on a beaut.

Mr. Cappel quotes from a press release from the Cole Division of Litton Industries, and just listen:

A group of secretarial students will attend a one-day seminar to learn the skills of brewing "executive coffee" for their future employers. The executive coffee-brewing seminar will include several coffee making recipes, a primer on how to attractively set a desk for coffee drinking, and a list of snacks that are advisable for consuming with coffee at various times of the office day.

Mr. President, can you imagine the fury with which this kind of seminar would be greeted if it were conducted for government secretaries—and properly so.

As Mr. Cappel asks, why could they not offer a course in back rubbing, or shoe polishing or running out and getting a pack of cigarettes.

Mr. President the fact that the Cole Co., that is putting on this extravaganza is a subsidiary of the Litton Industries, does not surprise this Senator. No wonder Litton is pushing Lockheed and Grumman for the record in cost over-runs on defense contracts. Litton may not be able to build a ship that will float, but I bet they brew a mean cup of coffee.

Mr. President, I ask unanimous consent that the column by Joe Cappel be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

WOMEN—ER—GIRLS, KEEP THAT MAN HAPPY!  
(By Joe Cappel)

I think there might be some women in the audience who will squirm a little as they read this column.

It doesn't have anything to do with marketing or advertising or any of the other subjects I normally cover. But it is the type of item I hate to pass over without sharing with you.

I will quote from a press release sent to this newspaper by the Cole Division of Litton Industries, which makes office furnishings:

"A group of secretarial students will attend a one-day seminar to learn the skills of brewing 'executive coffee' for their future employers... (the students all attend Northwestern Business College, which has no connection with Northwestern University. The seminar will be at 10:30 a.m. Tuesday at Space 1147 of the Merchandise Mart.)

"Coffee for American Executives at their desks has become an accepted way of corporate life," states Richard Tierney, Cole's president. He notes that European secretaries have been brewing coffee—and tea—and sometimes even making lunch for their bosses for more than 100 years.

"Today's executive secretary is not just part of the office furniture like typewriters or filing cabinets," adds the Cole president. "She acts as her employer's office hostess making sure that he and visitors to his office are comfortable and presented with acceptable amenities."

"The executive coffee-brewing seminar will include several coffee making recipes, a primer on how to attractively set a desk for coffee drinking, and a list of snacks that are advisable for consuming with coffee at various times of the office day..."

I think this company is doing a good thing for all of executive-hood. I mean, what is worse than having a secretary who can't brew a decent cup of coffee?

The problem with the Cole division of Litton Industries is that it is dull, unimaginative and old hat. Women... excuse me... I've already have Mrs. Olson to tell them how to make good coffee for The Man in Their Lives.

What this company should have done is offered a complete set of courses, not just a measly one-day seminar.

For example today's secretaries, with all that college training, don't rub executives' backs as well as they used to. Cole could easily offer a one-day seminar in Back Rubbing.

How about a course in Shoe Polish? Or one in Running Out and Getting a Pack of Cigarettes?

"I'll bet our women readers have a lot of suggestions like this for the Cole Division of Litton Industries. They can mail them to the company's local office, Space 1147, Merchandise Mart, Chicago 60654. And send me a copy at The Daily News, Chicago 60611.

### FOOD: A RACE AGAINST THE CLOCK

Mr. KENNEDY. Mr. President, as world food resources diminish and the search for food becomes more acute among developing states, many nations will come to increasingly rely upon the international community—particularly the United States—to help meet a major portion of their food requirements. The world-wide cost of food grains is not only growing prohibitively high for hungry nations, but in order to meet this burden, foreign exchange reserves are being diverted from essential development programs to purchase food.

A "food deficit spiral" is slowly beginning to drain both the resources and energies of developing states—affecting not only the economic viability of already impoverished countries, but the very foundations of their institutions as well. As the price of food begins to exceed



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their ability to pay, the United States can take little satisfaction from the short-term harvest of dollars it is reaping from international food purchases.

Mr. President, one of the greatest contributions which we as a people have made to developing nations has been our commitment to help support their efforts to reach economic self-sufficiency. Yet, this critical economic aid is now likely to be diverted, to buy American food rather than to forge economic independence with American help. If we are to stop this food deficit spiral, if we are to help ensure the success of our foreign assistance, then our Government must begin to recognize the impending world food crisis and assist in the planning of a coherent international food policy.

Our Nation will be a crucial force in the forthcoming World Food Conference which will be held this November in Rome. The current optimistic forecasts for better world food yields this year can not only buy the international community additional time in the immediate days ahead to plan food policies, but will also enable the United States to present a viable program as an alternative to a deteriorating minimum world food security in an atmosphere of mutual cooperation rather than mutual suspicion.

Mr. President, I would like to draw to the attention of Senators three articles appearing in the New York Times and the Baltimore Sun, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 16, 1974]  
A RACE AGAINST THE CLOCK ON FOOD  
(By Roger E. Anderson)

The world food problem we are so sharply aware of today shares with most other so-called crises a curious duality: it was at once foreseeable and unforeseen but still unrecognizable until the last minute.

Ever since Thomas Malthus proposed in 1798 that people might someday multiply themselves out of food, the idea has been hovering vaguely in our consciousness. For some, the reality has been dead and apparent.

A Malthusian moderate, which many food experts seem to have become, would note dispassionately that the problem has three dimensions—time, population, and production.

With world population growing at an annual rate of 2 per cent, we have perhaps 20 years, or roughly until the year 2000, to control population growth or to raise food production to sufficient levels around the world so that all people can afford to eat, or both. After that, unless the situation has been remedied, the lid blows off the pressure cooker, and few forecasters are prepared even to imagine the consequences if that should happen.

The short-term outlook is not encouraging, and it serves to define with grim precision the nature of the long-range problems ahead.

The current scarcity of major agricultural commodities and the large draw-down of world food reserves menace the poorest and slowest-growing countries most seriously. The developing nations may have to pay some \$15 billion more for essential imports in 1974 than they did in 1973. They are so gravely threatened by increasing food and fertilizer prices and almost intolerably high oil prices that the prospect of disaster within the next several years is real, and we may see governments collapse under the strain

Food production prospects for the Third World are less hopeful now than they were last fall. Most developing countries will be especially short of foreign exchange reserves as a result of the increase in energy prices last December, and shortages of imported energy, fertilizers, pesticides and other agricultural inputs consequently will be aggravated. The higher prices they will receive for their own relatively small commodity exports will not significantly offset their higher import costs.

Important parts of the world are, in fact, approaching the precarious line between survival and disaster. To take India as an example, if—on top of all its other burdens—it were to suffer a monsoon failure, the consequence could be a famine in which literally millions of lives would be lost. The shock of those deaths would rattle social, political and economic windows around the world.

In any discussion of world food problems the question of reserves invariably arises. It is widely expected that the outlines of some form of global food reserve system will emerge from the United Nations World Food Conference to be held in Rome this November. And it is of special significance that such a system supposedly will be accompanied by plans for an international effort to increase food production in the developing countries.

When the word reserves is mentioned heads immediately turn in the direction of the United States, for two decades the world's principal repository of grain stocks and balance wheel of food supply. These stocks have now been largely depleted. The present position, as expressed by Secretary of Agriculture Earl L. Butz and members of his department, seems to be that the United States is not opposed to the buildup of reserves and will cooperate in such an effort with other nations.

The United States cannot, however, accept the complete responsibility for carrying these reserves. That responsibility is a global one, to be shared by other nations, including the developing ones.

Moreover, in the long run people cannot continue to be fed from reserves. Food must come essentially from annual production, and the immediate and long-range challenge, therefore, is to plan to produce food instead of planning to store it.

Logic and intuition alike tell us that the ultimate solution to the food problem lies in production and development—and they go hand in hand.

International efforts, such as provided by the World Bank and the Agency for International Development, need to be increased to assist agricultural development in the developing nations. Many of these have extensive but untested agricultural potentials. The countries where "green revolution" practices have been applied have shown that meaningful increases in food production are possible there at substantially lower costs than for comparable increases in some of the more agriculturally advanced nations.

Ultimately, I believe, agriculture in the emerging nations will have to become more an industry and less a personal way of life. In the process it will have to develop along lines that will allow it to regenerate its own capital through profits. Initially, however, it will require seed capital, which could be provided by national governments, international organizations, bilateral arrangements with the United States or multinational companies and financial institutions.

Last March, speaking to a group of businessmen and Government officials in Tokyo, I suggested that the multinational agricultural corporation could be an effective vehicle for infusing capital into the now labor-intensive farming systems of developing nations, for transmitting programs leading to the development of technical and farm management skills and for marshalling local resources to explore additional food sources

and improve present sources through more effective production practices.

There are, of course, multinational corporations doing these things now, especially in the fields of food growing and processing, commercial fishing and fish meal production, farm machinery, pharmaceuticals and others. There is ample room for more.

The developing nations have limited resources. Their economies show diverse patterns but they share a common ability to frustrate private enterprise. Some seem to prefer outright aid because of their reluctance to deal with private, profit-making interests. This ignores the fairly well documented claim that one dollar of private investment in technology is more effective than three dollars in outright aid.

To be as realistic as possible, private enterprise faces a number of possible hazards in doing business in these countries: currency devaluation, restraints on the repatriation of profits, expropriation, revolution and, lately, kidnapping.

These are sobering risks, but risk is private enterprise's middle name.

In many cases where it has been done successfully the key to entry into the operation in developing nations has been the joint-venture approach, where the host country has substantial participation in the enterprise. Several combinations are possible.

A government may want to process the raw materials its land can produce but must import the technology to do so.

Private capital may be introduced into a nation that will provide its own public funds for the building of port facilities, roads and infrastructures.

A government may agree to provide labor and materials in exchange for private capital and management.

Methods of payments differ, sometimes taking the form of long-range contracts by which the company can buy the host country's products at fixed prices.

It is likely that ventures of this kind will increase as developing nations become more convinced that they offer greater benefits, with fewer springs attached, than other varieties of assistance. It has been documented, for instance, that in one country nationally owned and managed fertilizer plants consistently average only about 60 per cent of efficiency, a rate that is not effective and certainly not profitable. When a United States multinational corporation entered the picture, a typical plant was brought up to about 85 per cent of capacity in a relatively short time.

If the multinational company is going to make the contribution that it can toward easing or solving the food shortage problem, it will, in the nature of things, keep an eye on its profits and growth in sales—but not exclusively. It will also have to show increasing concern with its positive effects on the totality of the host country and demonstrate its social and financial accountability.

The company will have to give evidence that it is providing the host country with contributions toward an increase in efficiency of local enterprise, the upward flow of capital and technology, employment growth, the national ability to compete in the world, balance-of-payments improvement and tax revenues.

The food crisis for the developing nations is real and it is dire. It has the potential to become disastrous, but we hope that it will not—and business shares an obligation with other sectors of society to work to prevent that eventuality.

One encouraging sign we might look for would be the emergence of a strong—perhaps collective—initiative by these struggling countries by actively seeking from the business community some forms of productive, developmental participation that would be at least tolerable within their societies. They might be astonished by the quantity and quality of the response and by the results of that response.